



CHANGE FOR THE BETTER WITH ENERGY STAR

ENERGY STAR®, a U.S. Environmental Protection Agency and U.S. Department of Energy program, helps us all save money and protect our environment through energy efficient products & practices. For more information, visit www.energystar.gov.

USING HOME PERFORMANCE WITH ENERGY STAR TO TAKE ADVANTAGE OF TAX CREDITS FOR RESIDENTIAL ENERGY EFFICIENCY

INTRODUCTION

You could be eligible for tax credits under the Energy Policy Act for:

- Home improvements such as insulation, windows, and heating and cooling equipment
- Solar Energy Systems

Unlike a tax deduction, which reduces the amount of your income that is subject to tax, a tax credit directly reduces the amount of tax you owe. Final rules clarifying which products and services qualify for the tax credits have been developed by The Internal Revenue Service (IRS). You must refer to the final IRS rules to determine what qualifies for the tax credit.

CONSUMER TAX CREDITS FOR HOME IMPROVEMENTS

Tax credits are available for many types of home improvements including adding insulation, replacing windows, and purchasing certain high efficiency heating and cooling equipment (refer to the chart on the back side for detailed information). The maximum amount of homeowner credit for all improvements combined (excluding solar) is \$500 during the two-year period of the tax credit. This tax credit applies to improvements made from January 1, 2006 through December 31, 2007.

HOME PERFORMANCE WITH ENERGY STAR

This program, sponsored by the U.S. EPA and U.S. DOE, and currently available in select markets, offers a comprehensive, whole-house approach to making energy-efficient home improvements. Rather than focusing on a specific component, such as drafty windows, an old air conditioning system, or leaky ductwork, a contractor participating in Home Performance with ENERGY STAR uses state-of-the-art diagnostic equipment to assess how improvements to all of these systems can work together to provide a more energy-

efficient and comfortable home that reduces homeowners' utility bills while protecting the environment. Many of the commonly recommended upgrades will qualify for the tax credit.

The participating contractor can make the improvements that you select or arrange to have the work performed by another qualified company. Beyond the contractor's own commitment to quality, your locally-sponsored Home Performance with ENERGY STAR program conducts inspections of contractors' work to ensure projects meet high standards.

ENERGY STAR QUALIFIED PRODUCTS

Please note, not all ENERGY STAR qualified products qualify for a tax credit. These tax credits are available for a number of products at the highest efficiency levels. If you decide not to purchase a product covered by the tax credit, you may still consider purchasing an ENERGY STAR product. ENERGY STAR distinguishes energy efficient products which, although they may cost more to purchase than standard models, offer relatively quick payback through lower energy bills, even without a tax credit.

SOLAR ENERGY SYSTEMS AND FUEL CELLS

Once you've taken steps to make your home more energy-efficient, you may want to consider taking advantage of available tax credits for qualified solar water heating and photovoltaic systems. These credits are available for systems "placed in service" in 2006 and 2007. The tax credit is for 30 percent of the cost of the system, up to \$2,000.

FOR MORE INFORMATION:

www.energystar.gov/taxcredits
www.energystar.gov/taxincentives

Contact a qualified tax advisor for expert advice on your specific tax situation.

DRAFT SUMMARY OF TAX CREDITS FOR HOMEOWNERS

PRODUCT TYPE	TAX CREDIT SPECIFICATION **SEE IRS RULES FOR CLARIFICATION	TAX CREDIT
Exterior Windows & Skylights	ENERGY STAR qualified or Meets IECC ¹	10% of cost, up to \$200 ²
Exterior Doors	Meets IECC ¹	10% of cost, up to \$500 ²
Metal Roofs	ENERGY STAR qualified	10% of cost, up to \$500 ²
Insulation	Meets IECC ¹	10% of cost, up to \$500 ²
Central A/C	EER 12.5/SEER 15 Split Systems EER 12/SEER 14 Package systems	\$300 ²
Air Source Heat Pumps	HSPF 9 EER 13 SEER 15	\$300 ²
Geo-Thermal Heat Pump	Same criteria as ENERGY STAR: EER 14.1 COP 3.3 Closed Loop EER 16.2 COP 3.6 Open Loop EER 15 COP 3.5 Direct Expansion	\$300 ²
Gas, Oil, Propane Furnace or Hot Water Boiler	AFUE 95 for both furnaces and boilers	\$150 ²
Advanced Main Air Circulating Fan	No more than 2% of furnace total energy use	\$50 ²
Gas, Oil, Propane Water Heater	Energy Factor 0.80	\$300 ²
Electric Heat Pump Water Heater	Energy Factor 2.0	\$300 ²
Solar Water Heating	At least half of the energy generated by the “qualifying property” must come from the sun. The credit is not available for swimming pools or hot tubs. The water must be used in the dwelling and the system must be certified by the Solar Rating and Certification Corporation (SRCC).	30% of cost, up to \$2,000
Photovoltaic Systems	Photovoltaic systems must provide electricity for the residence, and must meet applicable fire and electrical code requirement.	30% of cost, up to \$2,000

For more detailed information, go to energystar.gov/taxcredits

¹Either the 2001 Supplement of the 2000 International Energy Conservation Code or the 2004 Supplement of the 2003 International Energy Conservation Code

²Subject to a \$500 maximum per homeowner for all improvements combined.